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# Message Text

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DRAFTED BY ARA/PAN:SMBELL:JVC
APPROVED BY ARA:AMB. BOWDLER
S/S -RELTZ
L/ARA:MKOZAK
S/AB:AMB. BUNKER
---------- 119278
P 120209Z JUN 74
FM SECSTATE WASHDC
TO AMEMBASSY PANAMA PRIORITY

C O N F I D E N T I A L STATE 124242

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EXDIS

E.O. 11652: GDS
TAGS: PN, PFOR
SUBJECT: PANAMA REVIEW COMMITTEE (PRC) MEETING,
JUNE 5, 1974
REF: PANAMA 3238

1. DEPARTMENT WELCOMES AMBASSADOR'S INITIATIVE IN REPORTING DEVELOPMENTS IN WEEKLY PRC MEETINGS AND PROVIDING HIS VIEWS THEREON. WITH SUCH REPORTS WE CAN MOVE MORE QUICKLY AND KNOWLEDGEABLY, AND IN WAYS HELPFUL TO THE EMBASSY, ON SUCH OF THOSE DEVELOPMENTS AS HAVE TO BE ADDRESSED BY WASHINGTON AGENCIES.

2. IN THE MATTER OF THE SQUATTERS WE AGREE WITH THE AMBASSADOR'S POSITION, INCLUDING HIS CONCURRENCE IN THE GOVERNOR'S RECOMMENDATION THAT CANAL ZONE AUTHORITIES CONTINUE TO ARREST AND PROSECUTE NEW VIOLATORS. DESPITE THE FACT THAT, AS IN THE PAST, NEW VIOLATORS APPREHENDED WILL DOUBTLESS HASTEN TO THE GOVERNMENT FOR REDRESS AND THERE WILL BE OUTBREAKS OF ANTI-CANAL ZONE PUBLICITY, WE NEED (A) TO KEEP THE PRESSURE ON TORRIJOS AND (B) TO SHOW OUR RESOLVE TO ENFORCE EXISTING TREATY PROVISIONS
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IN CASES OF SIGNIFICANT INJURY TO OUR INTERESTS.

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3. AS FOR FUTURE MANAGEMENT OF THE PROBLEM, WE HAVE SEVERAL COMMENTS. FIRST, BY RAISING WITH THE U.S. TREATY NEGOTIATORS ON CONTADORA DURING THE LAST CHIEF

NEGOTIATOR ROUND ONE PARTICULAR ELEMENT OF THE SQUATTER PROBLEM, THE FOREIGN MINISTER SOUGHT TO LINK THE PROBLEM WITH THE COURSE OF TREATY NEGOTIATIONS. BELL SUBSEQUENTLY RESPONDED TO THE MINISTER THROUGH THE PANAMANIAN AMBASSADOR IN WASHINGTON IN HIS ROLE AS COUNTRY DIRECTOR RATHER THAN AS DEPUTY NEGOTIATOR. IN SO DOING HE EXPLAINED THAT WE VIEW SUCH PROBLEMS AS BEING PERIPHERAL TO THE NEGOTIATIONS, ALTHOUGH RESOLUTION OF THEM NATURALLY CONTRIBUTES SOMEWHAT TO IMPROVEMENT IN THE CLIMATE FOR NEGOTIATIONS. IF WE ALLOWED THE MULTIPLICITY OF CANAL ZONE-REPUBLIC OF PANAMA POINTS OF CONFLICT, DERIVING FROM THE EXISTING TREATY RELATIONSHIP, TO BEAR SIGNIFICANTLY ON THE NEGOTIATIONS, THE CONCLUSION OF A NEW TREATY RELATIONSHIP WOULD BE MORE DIFFICULT.

4. A SECOND COMMENT HAS TO DO WITH RESOLUTION OF THE PROBLEM. BELL HAS RECEIVED STRONG HINTS ON TWO OCCASIONS THAT THE MINISTER MIGHT BE WILLING TO SLIP OFF THE SOVEREIGNTY TRACK SUFFICIENTLY TO PERMIT A PROCEDURE IN USE PRIOR TO THE 1936 TREATY WHEREBY THE ZONE GOVERNMENT WOULD LICENSE SOME SQUATTERS. PERHAPS SUCH A PROCEDURE COULD BE FASHIONED TO ALLOW FOR CANAL ZONE GOVERNMENT CONTROLS ADEQUATE TO PREVENT NEW ENCROACHMENTS AND TO REDUCE CURRENT ENCROACHMENTS OVER TIME. DEPARTMENT IS AWARE OF THE IMPLICATIONS OF THE 1936 TREATY WITH RESPECT TO LICENSING. HOWEVER, WE BELIEVE THAT RATIONALE WORKED OUT IN CONNECTION WITH STUDY OF PROPOSED CONCESSIONS TO GOP IN 1972-73 WOULD BE APPLICABLE. IF EMBASSY AGREES THAT THIS APPROACH WOULD BE VALUABLE, WE WILL CONSIDER FURTHER APPLICABILITY OF THAT RATIONALE TO THE SPECIFIC CIRCUMSTANCES OF SQUATTERS.

5. THIRD, THERE HAVE ALSO BEEN STRONG HINTS THAT TORRIJOS MIGHT BE WILLING TO REVIVE GENERAL ROSSON'S ORIGINAL SUGGESTION OF INSTITUTING JOINT POLICE PATROLS
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SPECIFICALLY FOR THE SQUATTER-AFFECTED AREAS. WHILE WE PERCEIVE POTENTIAL IMPLEMENTATIONAL PROBLEMS INVOLVED, ESPECIALLY IN THE JURISDICTIONAL FIELD, WE BELIEVE WE SHALL HAVE TO MOVE INTO A JOINT PATROL SYSTEM SOONER OR LATER, AND PERHAPS NOW IS THE TIME TO BEGIN AND LIMITING THE PATROLS TO SQUATTER AREAS IS THE WAY TO BEGIN. IN ANY CASE, IT IS PROBABLY NOT HELPFUL TO US TO CONTINUE TO IGNORE THE HINTS ALTOGETHER.

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6. FINALLY, THE FOREIGN MINISTER AND AMBASSADOR BUNKER HAVE AGREED, AT THE MINISTER'S INITIATIVE, THAT THERE SHOULD BE "NO SURPRISES" BETWEEN THE UNITED STATES AND PANAMA, AND THAT THERE SHOULD BE THE MAXIMUM OF INFORMAL

CONSULTATION BEFORE EITHER TAKES A SIGNIFICANT UNILATERAL STEP SIGNIFICANTLY AFFECTING THE OTHER'S PERCEIVED INTERESTS. THE COUNTRY DIRECTOR HAS JUST MADE THE POINT TO THE PANAMANIAN AMBASSADOR TO THE UNITED STATES, WITH SOME VIGOR, THAT PANAMA DID NOT "CONSULT" US ON ITS ITU-UPU (DEMARCHE) ACTIVITIES AND GONZALEZ, ON INSTRUCTIONS, RELAYED APOLOGIES. IN THESE CIRCUMSTANCES THE AMBASSADOR MAY WISH TO CONSIDER TELLING THE PANAMANIANS PLAINLY THAT WE ARE GOING TO CONTINUE ARRESTS OF NEW VIOLATORS, CITING THE BUNKER-TACK UNDER-STANDING AS HIS REASON FOR DOING SO.

7. ON OTHER MATTERS RAISED IN THE PRC MEETING, THE NEWS OF IHRE'S PAYMENT OF ITS INDEBTEDNESS TO PANCANAL, AND ITS EFFECTIVE IF INFORMAL WORKING RELATIONSHIP WITH THE COMPANY, IS HEARTENING. IT IS MORE EVIDENCE FOR THE GOVERNOR'S LONGHELD CONTENTION THAT USG AND GOP AGENCIES CAN WORK WELL TOGETHER AT THE TECHNICAL LEVEL. ON THE LIQUOR PROBLEM, WE AGREE THAT THE GOVERNMENT IS ENGAGED IN A HOLD-UP OF SIZABLE PROPORTIONS AND THAT A DIPLO-MATIC PROTEST WOULD NOT STOP IT. WE AGREE THAT THE INFORMAL DISCUSSIONS YOU WILL BE CONDUCTING ON THIS SUBJECT WILL BE MORE LIKELY TO BE SUCCESSFUL IN GETTING THE GOVERNMENT TO COMPLY WITH ITS TREATY COMMITMENTS. BROWN

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